

Message Text

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PAGE 01 STATE 255709

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FM SECSTATE WASHDC

TO AMCONSUL FRANKFURT IMMEDIATE

C O N F I D E N T I A L STATE 255709

EXDIS

FOR ASSISTANT SECRETARY ENDERS

THE FOLLOWINT REPEATS SECSTATE 255709 ACTION
TEHRAN PARIS BONN 20 NOVEMBER 1974. QUOTE:

C O N F I D E N T I A L STATE 255709

EXDIS

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: SHAH'S SINGLE PRICE PROPOSAL

REF: STATE 253352; TEHRAN 9809

FOR ASSISTANT SECRETARY ENDERS

1. ALTHOUGH GENERAL OUTLINES AND SOME OF THE MAJOR
FEATURES OF SHAH'S UNITARY PRICE PROPOSAL SEEM CLEAR, THERE
ARE A NUMBER OF VERY SIGNIFICANT POINTS WHICH REMAIN
UNCLEAR. WE WOULD, THEREFORE, APPRECIATE ANY INFORMATION
EMBASSY COULD DEVELOP ON FOLLOWING QUESTIONS:

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PAGE 02 STATE 255709

A. IN DECIDING THE GOVERNMENT TAKE "BASE" FOR MARKET PRICE

WOULD THE SHAH'S PROPOSAL FACTOR IN THE NEW HIGHER TAKE
RESULTING FROM THE ABU DHABI MEETING OR WOULD THE PLAN
IGNORE ABU DHABI AND START FROM THE LEVEL IN EFFECT BEFORE
THE CONFERENCE?

B. COMPANY RETURN: AS WE UNDERSTAND IT, CONCEPT OF EQUITY
WOULD UNDER SHAH'S PLAN, BE REPLACED BY A PERCENTAGE OR
NUMBER OF "COMPANY BARRELS" UPON WHICH COMPANIES WOULD
RECEIVE A DISCOUNT OR MARGIN. WHAT RATIO OR PERCENTAGE
DOES THE SHAH'S PLAN ENVISAGE? WOULD ADDITIONAL BARRELS
BE AVAILABLE TO THE COMPANIES AT REDUCED OR NO DISCOUNT?

C. RIGHTS TO DISCOUNTED OIL: WOULD EXISTING MAJORS
OR CONCESSIONAIRES BE SOLE RECIPIENTS OF DISCOUNT, OR
WOULD THIS BENEFIT BE EXTENDED ANY CUSTOMER SIGNING LONG
TERM CONTRACT? WOULD THOSE CUSTOMER COMPANIES THAT
INVEST OR CARRY OUT EXPLORATION IN THE PRODUCER STATE
RECEIVE AN ADDITIONAL FEE OR DISCOUNT?

D. SIZE OF COMPANY MARGIN: DOES SHAH'S PLAN STILL
ENVISAGE 50 CENTS?

E. WOULD PROFIT MARGIN INCLUDE OR EXCLUDE
ANY LOCAL TAXES LEVIED?

F. UNITARY PRICE PROPOSAL FORESEES SOME FORM OF
PROTECTION FOR PRODUCERS AGAINST INFLATION, BUT HOW WILL
COMPANY MARGINS BE PROTECTED?

2. DEPARTMENT WOULD APPRECIATE RECEIVING SOONEST ANY
SPECIFICS THAT EMBASSY CAN PROVIDE ON FOREGOING POINTS.

UNQUOTE INGERSOLL

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